

Lieutenant Governor Loren Leman

August 3, 2005

Representative Eric Croft
1135 Hillcrest Dr
Anchorage, AK 99503

Dear Representative Croft:

You submitted an initiative application for a bill entitled "An Act levying a tax on certain known resources of natural gas, conditionally repealing the levy of that tax, and authorizing a credit for payments of that tax against amounts due under the oil and gas properties production (severance) tax if requirements relating to the sale and delivery of the natural gas are met; and providing for an effective date" to my office for review under AS 15.45.070. I forwarded it to the Division of Elections for verification of signatures and the Department of Law for review.

The petition statistics report prepared by the Division of Elections and the Department of Law's opinion regarding your application are enclosed. The Division of Elections has verified that your application has a sufficient number of sponsors to qualify for circulation of a petition. The Department of Law has also reviewed your application.

Their conclusion and mine is that your initiative complies with AS 15.45.030 and AS 15.45.040. However, you should be aware that your initiative appears to have some structural problems. I concur with the Department of Law assessment that the taxation scheme set out in your initiative may raise some constitutional issues. However, Alaska courts have been reluctant to disallow circulation of an initiative while awaiting resolution of constitutional questions. They prefer instead to address those questions later, if necessary.

Consequently, I certify your initiative application as being in the proper form under the provisions of AS 15.45.010 through AS 15.45.070, and Article XI of the Alaska Constitution. Your official certificate is enclosed.

As Lieutenant Governor and in accordance with AS 15.45.090 (2), it is my duty to prepare an impartial summary for the petition booklets. The following paragraph is the petition summary I propose:

Initiative On Taxation Of Gas Resources

This initiative would impose a new state tax on certain large deposits of natural gas until a major gas pipeline system is built. The tax would be two cents per year for each thousand cubic feet of taxable gas in the ground. If and when the taxable gas is produced and transported in a major gas pipeline system, some of the tax payments previously made could be used as a credit against existing state gas production taxes due on the gas.

Should this initiative become law?

The Division of Elections will prepare and print numbered petition booklets for circulation. As soon as the booklets are available, the Division will send them to the Division's regional office of your choice (Juneau, Anchorage, Fairbanks or Nome). At that time, you will also be provided with instructions for booklet distribution and accounting. These must be followed. You have recently told me by correspondence that you may be withdrawing this initiative in favor of a substitute initiative. Please advise me of your final plans before the Division prints the booklets, so we can conserve State resources.

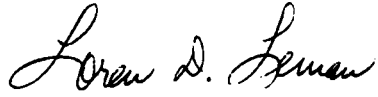
Your initiative must be filed within one year from the date notice is given that the petition booklets are ready for delivery (AS 15.45.140). However, you should also be aware of the time requirements provided in AS 15.45.190 (copy enclosed). The petition must be signed by qualified voters at least equal in number to 10 percent of those who voted in the last General Election, who are resident in at least three-fourths of the House districts of the State and who, in each of these House districts, are equal in number to at least seven percent of those who voted in the preceding General Election.

The number of signatures that you need to gather will be based on the 2004 General Election (6 AAC 25.240 (i)). You will need at least 31,451 qualified voters in at least 30 election districts to sign the petition. The vote totals for each House district from the 2004 General Election are enclosed.

Rep. Eric Croft
August 3, 2005
Page 3

If you have questions or comments about the initiative application certification or your followup requirements, please contact my special assistant, Robert Pearson (465-4082).

Sincerely,

A handwritten signature in cursive script that reads "Loren D. Leman".

Loren Leman
Lieutenant Governor

Enclosures

cc: Rep. Harry Crawford, Jr., Initiative Committee Member
Rep. David Guttenberg, Initiative Committee Member
David Marquez, Attorney General
Laura Glaiser, Director, Division of Elections

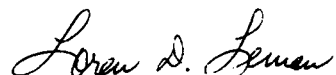
Lieutenant Governor Loren Leman

CERTIFICATE

I, LOREN LEMAN, LIEUTENANT GOVERNOR of the STATE OF ALASKA, CERTIFY THAT the initiative application **“An Act levying a tax on certain known resources of natural gas, conditionally repealing the levy of that tax, and authorizing a credit for payments of that tax against amounts due under the oil and gas properties production (severance) tax if requirements relating to the sale and delivery of the natural gas are met; and providing for an effective date”** has been reviewed and is in proper form as required under the provisions of Article XI of the Constitution of the State of Alaska and Alaska Statute 15.45.010 through 15.45.070.

I FURTHER CERTIFY THAT the application contained the signatures and addresses of at least 100 qualified voters.

IN TESTIMONY WHEREOF, I have signed and
affixed the Seal of the State of Alaska, at Anchorage on
August 3, 2005



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LOREN LEMAN
LIEUTENANT GOVERNOR